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Before the
Federal Communications Commission
Washington, D.C. 20554

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| In the Matter of |) | Transmittal No. 502 |
| Long-Term Telephone Number |) | CC Docket No. 99-35 |
| Portability Tariff Filings of |) | |
| BellSouth Telecommunications, Inc. |) | |

MEMORANDUM OPINION AND ORDER

Adopted: May 14, 1999

Released: May 14, 1999

By the Chief, Competitive Pricing Division:

I. INTRODUCTION

1. In this Memorandum Opinion and Order, we suspend for one day and set for investigation the tariff filed by BellSouth Telecommunications, Inc. (BellSouth) seeking to establish rates, terms, and conditions for the long-term number portability query service and end-user charges. BellSouth filed its tariff transmittal on April 30, 1999 with an effective date of May 15, 1999. On May 7, 1999, AT&T Corporation (AT&T) filed a petition to reject or suspend and Time Warner Telecom Holdings Inc. (Time Warner) filed a petition to suspend and set for investigation.¹ On May 13, 1999, BellSouth filed its reply.² The Bureau will issue a separate order designating issues for investigation.

II. BACKGROUND

2. On May 12, 1998, the Commission issued the *Third Report and Order*,³ implementing section 251(e)(2) of the Communications Act of 1934, as amended,⁴ and

¹ AT&T Petition to Reject or Suspend Tariff, filed May 7, 1999; Time Warner Petition to Suspend for One Day and Set for Investigation, filed May 7, 1999.

² BellSouth Opposition, filed May 13, 1999.

³ In the Matter of Telephone Number Portability, *Third Report and Order*, 13 FCC Rcd 11701, 11723 at para. 35 (1998) (*Third Report and Order*).

⁴ 47 U.S.C. § 251(e)(2); see Telecommunications Act of 1996, § 101(a), § 251(e)(2), Pub. L. No. 104-104, 110 Stat. 56 (1996). Section 251(e)(2) of the Act provides that the costs of providing number portability "shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."

promulgated rules governing long-term number portability cost recovery. The Commission determined in the *Third Report and Order* that incumbent LECs may recover their carrier-specific costs directly related to providing long-term number portability in two federal charges: (1) a monthly number portability charge to commence no earlier than February 1, 1999, that applies to end-users;⁵ and (2) a number portability query service charge that applies to carriers on whose behalf the incumbent LEC performs queries.⁶ The Commission delegated authority to the Common Carrier Bureau (Bureau) to determine appropriate methods for apportioning joint costs among portability and nonportability services and to issue any orders to provide guidance to carriers before they file their federal tariffs.⁷

3. On December 14, 1998, the Bureau issued the *Cost Classification Order*, addressing the general standards by which incumbent LECs should identify the carrier-specific costs directly related to providing long-term number portability and discussing the methodologies for measuring the eligible number portability costs.⁸ The Bureau also provided guidance to the incumbent LECs on the allocation of the eligible costs among the number portability end-user, pre-arranged query, default query, and database query charges. Finally, the Bureau discussed the specific cost support the incumbent LECs must provide with their tariff filings.

III. DISCUSSION

4. We find that BellSouth's long-term number portability tariff raises substantial questions of lawfulness and warrants an investigation of this tariff.⁹ These questions include, but are not limited to, the following: whether BellSouth's methods of identifying eligible Operations Support Systems (OSS) costs are unreasonable; whether BellSouth has failed to correctly calculate signalling and switching systems costs; whether BellSouth's use of the Switching Cost Information System (SCIS) cost model, rather than actual expenditures, is reasonable; whether BellSouth has unreasonably included in number portability rates, costs for generic upgrades to switch software. Moreover, we find that AT&T's and Time Warner's petitions to suspend and investigate BellSouth's long-term number portability tariff raise

⁵ *Third Report and Order*, 13 FCC Rcd at 11776, para. 142; see also 47 C.F.R. §§ 52.33(a), (a)(1).

⁶ *Third Report and Order*, 13 FCC Rcd at 11778, para. 147; see also 47 C.F.R. §§ 52.33(a), (a)(2).

⁷ *Third Report and Order*, 13 FCC Rcd at 11740, para. 75.

⁸ In the Matter of Telephone Number Portability, Cost Classification Proceeding, CC Docket No. 95-116, *Memorandum Opinion and Order*, DA 98-2534 (Com. Car. Bur., rel. Dec. 14, 1998) (*Cost Classification Order*).

⁹ 47 U.S.C. § 204(a).

questions of lawfulness similar to those we have identified, and further support an investigation of this tariff.

5. The rate proposals and the issues raised in BellSouth's tariff filing for long-term number portability are novel and complex. This is the first time BellSouth has filed a tariff and supporting documentation for both query services and an end-user charge. We are therefore unable at this time to limit our investigation to discrete rates or provisions of BellSouth's number portability filing. We will, accordingly, suspend BellSouth's tariff filing for one day and initiate an investigation into the lawfulness of the proposed tariff. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but may not be limited to, the issues identified in this Order. We may also, by order, identify discrete issues that do not warrant further investigation.

IV. *EX PARTE* REQUIREMENTS

6. This investigation is a permit-but-disclose proceeding and subject to the requirements under section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), as revised. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. See 47 C.F.R. § 1.1206(b)(2), as revised. Other rules pertaining to oral and written presentations are set forth in section 1.1206(b), as well.

V. ORDERING CLAUSES

7. ACCORDINGLY, IT IS ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the tariff filed by BellSouth Telecommunications, Inc., IS SUSPENDED for one day and an investigation IS INSTITUTED.

8. IT IS FURTHER ORDERED that, pursuant to sections 204(a) and 4(i) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 204(a) and 154(i), BellSouth Telecommunications, Inc., SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the rates that are subject to this investigation.

9. IT IS FURTHER ORDERED that BellSouth Telecommunications, Inc., MAY FILE a supplement advancing the currently scheduled effective date to May 14, 1999, and

BellSouth Telecommunications, Inc., SHALL FILE a supplement reflecting the one day suspension. For this purpose, we waive sections 61.58 and 61.59 of the Commission's rules, 47 C.F.R. §§ 61.58, 61.59. BellSouth Telecommunications, Inc. should cite the "DA" number on the instant Order as the authority for the filing.

10. IT IS FURTHER ORDERED that BellSouth Telecommunications, Inc., SHALL FILE this supplement no later than five business days from the release date of this Order.

11. IT IS FURTHER ORDERED that the petitions to reject or suspend BellSouth Telecommunications, Inc. local number portability tariff filing ARE GRANTED to the extent indicated herein and otherwise ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

A handwritten signature in cursive script that reads "Jane E. Jackson". The signature is written in black ink and is positioned above the printed name and title.

Jane E. Jackson
Chief, Competitive Pricing Division
Common Carrier Bureau